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**Technology, Energy & Communications  
Committee**

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**HB 1134**

**Brief Description:** Creating customer rebates and public utility tax credits for light and power businesses and gas companies.

**Sponsors:** Representatives McCoy, Chase, Armstrong, Hinkle, Condotta and Warnick.

**Brief Summary of Bill**

- Allows electric or gas utilities to offer a rebate to customers for up to 50% of the cost of installing a solar water heating system.
- Allows electric or gas utilities a credit against their public utility tax for up to 50 percent of the cost of the rebates.

**Hearing Date:** 1/28/09

**Staff:** Kara Durbin (786-7133)

**Background:**

Public and privately-owned utilities are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. The tax rate depends on the utility classification. For light and power businesses, the applicable tax rate is 3.873 percent. For gas distribution businesses, the rate is 3.852 percent. Revenues are deposited into the state general fund.

The PUT does not allow deductions for the costs of doing business, such as payments for raw materials and wages of employees. Nonetheless, a number of exemptions, credits, deductions, and other preferences have been enacted for specific types of business activities.

**Summary of Bill:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Starting July 1, 2009, an electric or gas utility may provide a rebate to its retail customers for the costs of installing solar water heating systems in their homes or businesses. The amount of the rebate cannot be greater than 50 percent for systems manufactured outside of Washington, and 70 percent for systems manufactured in Washington. Participating utilities must determine a tiered rebate amount based on the efficiency of the solar water heating system. At a minimum, a solar water heating system must have a solar rating and certification corporation (SRCC) certification as of July 1, 2009.

Rebates are limited to \$4,000 per calendar year for each customer, except for rebates on systems manufactured in Washington, which are limited to \$5,000 per calendar year.

A utility is allowed a credit against the Public Utility Tax for up to 50 percent of the rebates paid in a calendar year. The credit is limited to \$50,000 or 0.25 percent of its taxable power sales, whichever is greater. The total amount of credits may not exceed \$1 million in any calendar year, nor may they exceed the tax amount that would otherwise be due.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2009

**Effective Date:** The bill contains an emergency clause and takes effect immediately.